



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 11-17-98

AGENDA ITEM 3

WORK SESSION ITEM

To: Mayor and City Council

From: Director of Finance and Internal Services

Subject: AUTHORIZATION OF AN INTERFUND LOAN FROM THE WATER AND SEWER FUND TO THE REDEVELOPMENT AGENCY TO FINANCE RETAIL PARKING UPGRADES AND LAND ACQUISITION IN CONJUNCTION WITH THE CIVIC CENTER PROJECT

RECOMMENDATION:

It is recommended that the Hayward City Council authorize an interfund loan from the Water and Sewer Funds to the Redevelopment Agency. It is also recommended that the Redevelopment Agency adopt a resolution to repay the interfund loan, adopt a reimbursement resolution and appropriate funds in the amount of \$3.2 million.

BACKGROUND/DISCUSSION:

In May of 1998 Council authorized staff to proceed with the construction of a municipal parking garage and an abutting retail/commercial center that is located on the northerly portion of the block bounded by Watkins Street, B Street and Mission Boulevard. This was with the understanding that the financing would be brought back at a later date.

The Master Plan for the new Civic Center requires the acquisition of the property to the South of the City Hall. The appraised valuation of the property to be acquired has increased since originally contemplated for acquisition.

Financing for the garage for land acquisition was included in the financing for the civic center project. The report which follows recommends the financing for the upgrades to the garage and abutting commercial center, and the increase in the valuation of the property to be acquired to the South of the City Hall in the amount of \$3.2 million.

Overview—Financing Requirements

Project Elements: (\$ in Millions)

	Cost	Current Funding	Required
Uses:			
Garage and Upgrades	\$ 3.4	\$ (2.7)	\$ 0.7
Retail	1.8	-	1.8
Property South of City Hall	2.1	(1.4)	0.7
	<hr/>	<hr/>	<hr/>
	\$ 7.3	\$ (4.1)	\$ 3.2

Financing Approach

Generally staff would recommend one overall financing for the required funds noted above. However, in this case, timing is a concern and it is necessary to provide funding to the project elements in the short-term. As well, given that interest rates are currently stable and may decrease over the next year, staff is recommending that a two-step approach be utilized. An additional benefit to this approach is that additional time will be provided to allow any other RDA projects that may need funding to develop in the next year.

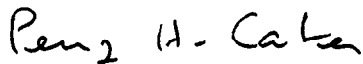
The first step is an interfund loan ("Bridge Loan") from the City's Water and Sewer Funds to the Hayward Redevelopment Agency (RDA) for a period of one year. The amount of the loan requested is \$3.2 million, (\$1.6 million from each fund). The interest paid by the RDA to the Enterprise Funds will be the City's Pooled Investment rate, compounded quarterly. This is exactly what the funds would earn if the loans were not made. Further, a review of the cash position of the Enterprise Funds indicates that a one-year loan of the amounts indicated will not adversely affect the operations of the funds or impact rates.

The second step is that at the end of one year the RDA would issue Tax Allocation Bonds to pay back the interfund loan.

Financing Issues/Debt Repayment

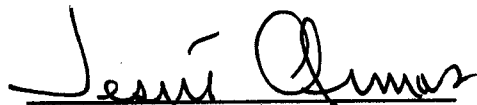
The Bridge Loan will require the RDA to make an interest only payment to the Enterprise Funds of approximately \$158,000 to \$190,000, at the City's pooled investment earnings rate. Once the long-term borrowing is issued the annual debt service will be approximately \$338,000, which includes principal and interest amounts. Funds are available to make the interest only payments to the Enterprise Funds in the current RDA budget.

Recommended by:



Perry H. Carter

Approved by:



Jesús Armas, City Manager

DRAFT JRB 11/13/98

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION AUTHORIZING AN INTERFUND LOAN
FROM THE SEWER FUND, FUND 613 AND WATER FUND,
FUND 622 TO THE REDEVELOPMENT AGENCY FOR THE
PURPOSES OF COMPLETING THE CITY HALL PARKING
GARAGE AND RETAIL/COMMERCIAL CENTER PROJECT
AND ACQUIRING THE PROPERTY TO THE SOUTH OF
CITY HALL

WHEREAS, the City Council finds that the Hayward Redevelopment Agency is in need of a short term "Bridge Loan" to complete the City Hall Parking Garage and Retail/Commercial Center Project and acquire the property to the south of City Hall; and

WHEREAS, the Sewer Fund, Fund 613 and Water Fund, Fund 622, have the funds available to make such a loan; and

WHEREAS, the Council finds that is in the public interest to make a short term loan to the Redevelopment Agency since it will allow for the completion of Agency projects in the Downtown Area; and

WHEREAS, the Council has determined that the Agency has adequate resources to repay the loans; and

WHEREAS, the loans will bear an interest rate equivalent to the City's Pooled Investment Rate, Compounded quarterly, and will be repaid in one year; and

WHEREAS, the "Bridge Loan" will not adversely affect the operations or impact the rates of the Sewer and Water Funds.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that a short term interfund loan of \$3,200,000 is hereby made from the Sewer and Water Funds to the Hayward Redevelopment Agency for the purposes of completing the City Hall Garage and Retail/Commercial Center Project and acquiring the property to the south of City Hall.

BE IT FURTHER RESOLVED, that the loan shall be for a period of one year and shall bear interest at the same rate as the City's Pooled Investment rate, compounded quarterly.

BE IT FURTHER RESOLVED, that the City manager is authorized and directed

to take all steps necessary and sign all documents required to proceed with the loan of \$3,200,000 to the Redevelopment Agency.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

**RESOLUTION DECLARING INTENT TO REIMBURSE
EXPENDITURES FROM THE PROCEEDS OF
OBLIGATIONS TO BE ISSUED BY THE REDEVELOPMENT
AGENCY OF THE CITY OF HAYWARD**

WHEREAS, the Agency proposes to undertake the project referenced below, to issue debt for such project and to use a portion of the proceeds of such debt to reimburse expenditures made for the project prior to the issuance of the debt; and

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declared an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Agency declares its official intent to reimburse the expenditures referenced herein.

NOW THEREFORE, BE IT RESOLVED, by the Redevelopment Agency of the City of Hayward as follows:

1. The Agency intends to issue obligations (the "Obligations") for the purpose of paying the costs of the Civic Center Parking Garage, related retail components, and costs of acquiring land for redevelopment purposes (the "Project").
2. The Agency hereby declared that it reasonably expects (i) to pay certain costs of the Project prior to the date of issuance of the Obligations and (ii) to use a portion of the proceeds of the Obligations for reimbursement of expenditures for the Project that are paid before the date of issuance of the Obligations.
3. The maximum principal amount of the Obligations is \$3,500,00.

HAYWARD, CALIFORNIA _____, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
Secretary of the Redevelopment Agency of the
City of Hayward

APPROVED AS TO FORM:

General Counsel

DRAFT 04 11/3/96

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

RESOLUTION ADOPTING PROJECT COSTS, ACCEPTING
SHORT TERM LOANS FROM THE CITY OF HAYWARD
SEWER AND WATER FUNDS AND APPROPRIATING
FUNDS FOR THE CITY HALL PARKING GARAGE AND
RETAIL/COMMERCIAL PROJECT AND PURCHASE THE
PROPERTY TO THE SOUTH OF CITY HALL

WHEREAS, the Hayward City Council has approved a loan of \$3,200,000 to the
Redevelopment Agency to fund the completion of the City Hall Parking Garage and
Retail/Commercial Center Project and purchase the property to the south of City Hall; and

WHEREAS, the Redevelopment Agency finds that the public interest will be
served by the acceptance of the loan; and

WHEREAS, the loan will provide funding necessary to complete several
Redevelopment Agency Projects in the Downtown Area; and

WHEREAS, the Redevelopment Agency finds that it has adequate resources to
repay the loan.

NOW THEREFORE, BE IT RESOLVED, by the Redevelopment Agency of the
of the City of Hayward as follows:

1. The project costs contained in the Overview-Financing Requirements
schedule attached hereto as Exhibit "A" are hereby approved and adopted.
2. A loan of \$3,200,000 from the City of Hayward Sewer and Water Funds,
Fund 622 is accepted subject to the following conditions:
 - (a) Interest paid on the loan shall be equivalent to the City's Pooled
Investment rate, compounded quarterly.
 - (b) The loan shall be repaid within one year of the date that the Agency
receives the funds.

3. Budget Resolution No. 98-107 is hereby amended by authorizing an appropriation of the loaned funds to complete the City Hall Parking Garage and Retail/Commercial Center Project and acquire the property to the south of City Hall.
4. The Executive Director of the Redevelopment Agency is hereby authorized and directed to take all steps necessary and execute all documents required to complete the financing authorized by this resolution.

HAYWARD, CALIFORNIA _____, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
Secretary of the Redevelopment Agency of the
City of Hayward

APPROVED AS TO FORM:

General Counsel

OVERVIEW-FINANCING REQUIREMENTS

Project Elements:

Parking Garage-Retail Component	\$1,800,000
Parking Garage-Capacity Upgrade	700,000
Land Purchase from Alameda County-Added Cost	<u>600,000</u>
Sub-Total	\$3,100,000
Cinema Project	<u>1,000,000</u>
Total Funds Required	\$4,100,000